

DATE: January 29, 2007

TO: The Honorable, Chester J. Culver, Governor of Iowa
The Honorable, David A. Vaudt, Auditor of State
General Assembly, c/o Legislative Services Agency

FROM: Steve King, Chief Financial Officer

Attached are the financial statements for the quarter ended December 31, 2006. During the quarter, we had revenue of \$57,142,796. This sales level resulted in \$13,828,805 of proceeds payable to the State General Fund and \$286,737 payable to the Gambler's Treatment Program.

Attachments

IOWA LOTTERY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2006

	<u>Quarter ended December 31, 2006</u>	<u>Year-to-date December 31, 2006</u>
OPERATING REVENUES		
Instant ticket sales	30,913,160	\$58,604,790
Pick 3 sales	1,567,756	3,065,758
Powerball sales	13,013,158	30,864,087
Hot Lotto sales	4,593,547	7,722,056
Pick 4 sales	545,292	1,088,569
\$100,000 Cash Game sales	1,084,739	2,175,525
Touch Play Machine (Net Receipts)	(750)	(77,671)
Pull-tab sales	5,407,974	10,546,762
Application fees	1,475	3,825
Other revenue	16,445	21,654
Total operating revenues	<u>57,142,796</u>	<u>114,015,355</u>
OPERATING EXPENSES		
Instant Prize expense	19,116,517	35,728,878
Pick 3 prize expense	923,793	1,803,654
Powerball prize expense	6,125,186	14,857,835
Hot Lotto prize expense	2,265,707	3,802,161
Pick 4 prize expense	283,173	571,330
\$100,000 Cash Game prize expense	512,168	1,025,902
Pull-tab prize expense	3,364,961	6,562,429
Promotional prize expense	43,266	71,815
Advertising/Publicity	1,457,448	3,219,008
Retailer compensation expense	3,574,068	7,077,277
Ticket expense	604,599	1,309,548
Vendor compensation expense	1,803,161	3,569,474
Personal services	2,114,568	4,158,729
Travel	93,014	215,411
Supplies	21,832	55,032
Printing	7,335	11,387
Postage	438	1,123
Communications	135,416	261,235
Rentals	69,334	137,974
Utilities	25,045	45,091
Professional fees	40,977	62,049
Outside services & repairs	174,003	328,504
Data processing	10,520	20,125
Equipment	58,743	110,866
Reimbursement to other state agencies	112,683	186,198
Depreciation	353,113	709,303
Other	54,594	91,190
MUSL administrative expense	5,357	(43,169)
Total operating expenses	<u>43,351,019</u>	<u>85,950,359</u>
Operating income (loss)	13,791,777	28,064,996
Interest income	196,915	298,157
Interest expense	(45,155)	(90,310)
Income before transfers	<u>13,943,537</u>	<u>28,272,843</u>

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FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2006

	<u>Quarter ended</u> <u>December 31, 2006</u>	<u>Year-to-date</u> <u>December 31, 2006</u>
Transfer to Gambler's Treatment Program	(286,737)	(571,335)
Transfer to State	<u>(13,828,805)</u>	<u>(28,488,977)</u>
Change in net assets	(172,005)	(787,469)
Net assets, beginning of period	<u>3,150,164</u>	<u>3,765,628</u>
Net assets, end of period	<u><u>\$2,978,159</u></u>	<u><u>\$2,978,159</u></u>